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C O N F I D E N T I A L SECTION 01 OF 03 TEGUCIGALPA 002496

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SUBJECT: HONDURAN AG NAVARRO SEEKS SOLUTION TO PARALYSIS AT
THE PUBLIC MINISTRY OVER CORRUPTION CASES CRISIS

REF: A. TEGUCIGALPA 2434

[B](#). TEGUCIGALPA 2356

[C](#). TEGUCIGALPA 2123

[D](#). TEGUCIGALPA 1690

[E](#). TEGUCIGALPA 729

[F](#). TEGUCIGALPA 400

Classified By: Ambassador Larry L. Palmer;
reasons 1.4 (b) and (d).

[1](#). (SBU) SUMMARY: Negotiations continue at the Public Ministry (PM) between Attorney General Ovidio Navarro and federal prosecutors (fiscales) after many fiscales walked off the job October 19 following Navarro's termination of ten and transfer of six others for their public criticism over the PM's decision to drop all pending corruption charges against ex-president (and National Party leader) Raphael Leonardo Callejas and a number of Callejas associates (ref B). The PM has remained paralyzed since then as both sides continue to exchange charges of political cronyism and incompetence. Representatives of both sides are seeking a workable compromise as the unrest moves into its third week. Since its inception ten years ago, the PM has demonstrated little ability to tackle high-profile criminal cases in Honduras.
END SUMMARY

Navarro Butts Heads With Career Prosecutors

[2](#). (U) Negotiations continue at the Public Ministry (PM) between Attorney General Ovidio Navarro and prosecutors (fiscales) after many fiscales walked off the job October 19 due to Navarro's decision to terminate ten and transfer six others for their public criticism over the PM's decision to drop all pending corruption charges against ex-president (and National Party leader) Raphael Leonardo Callejas and a number of Callejas associates (ref B). Navarro justified the decision based on his view that the terminated fiscales were politically motivated and/or incompetent. The PM has remained partially paralyzed since then as both sides continue to exchange charges of political cronyism and incompetence. Fiscales originally called for Navarro, also a National Party member, to resign, something he has stated both publicly and privately he will not do. Navarro claimed he would not reverse his earlier decision to follow-through on removing insubordinate fiscales although both sides appear to be moving toward a compromise, especially after an October 27 ruling by the Constitutional Chamber of the Honduran Supreme Court that the PM did not have the authority to drop the cases against Callejas and his associates.

[3](#). (C) Eight of the ten fiscales who were fired agreed to receive severance packages rather than return to the PM and Navarro agreed to halt the transfer of the six others. The final sticking points revolve around fiscales' demands that Navarro sack Jaime Banegas, Director of Fiscales and reinstate the two other fiscales who were dismissed. Fiscales claim that, since assuming the position of Director in February, Banegas has acted inappropriately by putting pressure on fiscales to drop corruption cases against politically-connected individuals and obstructing business at the PM by transferring fiscales to other positions due to their desire to push corruption cases forward. According to news reports, Banegas officially made the decision to drop all corruption cases against Callejas since Navarro had recused himself due to his past legal representation of Callejas. Post believes, however, that Navarro ordered the cases be dropped.

[4](#). (SBU) Navarro agreed to form a commission, which includes representatives of both the PM and the fiscales, to investigate charges that Banegas has acted inappropriately. Navarro subsequently disbanded the Commission when he received word that a few members intended to publicize the charges against Banegas in the name of transparency. Navarro saw the Commission's role as gathering facts and providing a recommendation to him. He reserved the right to make the final decision on keeping or dismissing Banegas. Navarro has said that he will discuss the Banegas matter directly with the Association of Fiscales. For their part, the fiscales

have said that they will maintain pressure on Navarro through a variety of measures. (COMMENT: Prior to the crisis, Post had fielded complaints from fiscales concerning Banegas' heavy-handed approach and questionable behavior. END COMMENT.)

Navarro Meets With DCM

15. (C) On October 29, DCM met with Navarro regarding the situation at the PM. Navarro insisted that his decision to discipline certain fiscales was based on his view that they were not competent and had acted in an insubordinate manner. He particularly mentioned Soraya Morales, head of the PM's anti-corruption office, as an individual who was not doing a good job and had a political agenda. (COMMENT Morales was not among the fiscales affected by the PM's recent decision, as she was in Japan at the time of the firings, although a few who worked for her were dismissed. Morales called publicly in August for the PM to close its anti-corruption office due to the PM's inability to prosecute meaningful corruption cases. She also frequently confided to Post her frustration in not being able to move cases forward; something she blames on the PM's leadership. In point of fact, many of these dismissed cases had not moved forward during the leadership of the two prior Liberal Party Attorney Generals. END COMMENT) Navarro also noted the partisan manner in which the anti-corruption office conducted its business, noting that they were preparing cases only against Nationalists, including presidential pre-candidates Pepe Lobo (President of the Congress) and Miguel Pastor (Mayor of Tegucigalpa). Charges were also being developed against Oscar Kilgore (Mayor of San Pedro Sula, the commercial center of Honduras).

16. (C) Navarro assured DCM that he wants to make progress in fighting corruption and that over the next few months he expected several high-level cases would be brought forward. Navarro continued to insist, however, that the Congress must act on pending legislation outlining implementing procedures for how individuals who previously enjoyed immunity would be prosecuted. The current draft legislation before Congress outlining procedures for how to prosecute some 400 high-level government officials previously immune from prosecution calls for these cases to be brought before a magistrate of the Supreme Court for a preliminary determination of the merits of the case. If, and only if, a Supreme Court justice determines a case should be brought forward can an individual be prosecuted. If this process is implemented in a transparent and impartial manner, this could be a positive development. However, if past history prevails, this legislation offers corrupt individuals with contacts in the Supreme Court (another politicized institution not known for its zeal in fighting corruption) an opportunity to quash prosecutions altogether.

PM In The Spotlight

17. (C) On October 27, Ambassador and DCM raised U.S. concerns with President Maduro about perceptions that Honduras is backsliding on anti-corruption efforts and the recent decision by the PM to dismiss corruption cases against leading political figures (ref A). Also, representatives of the G-17 donor countries and cooperating institutions (including the Ambassador) met with a Honduran Congressional delegation headed by President of the Congress Porfirio "Pepe" Lobo. In this meeting, G-17 representatives expressed their concern over the situation at the PM and their desire to see Honduras make meaningful progress in the fight against corruption.

18. (U) A number of civil society organizations and the Popular Block (a configuration of leftist groups) staged peaceful protests outside the PM demanding action against corruption in Honduras. These groups have also been joined by sympathetic fiscales. To make a point that speaking out against corruption was taboo at the PM, striking and dismissed fiscales lined up outside the PM's headquarters on November 2 dressed in black with tape across their mouths.

PM Needs to Make Impact on Fighting White-Collar Crime

19. (SBU) COMMENT: In its ten-year history, the PM has never been effective at prosecuting high-profile white-collar crime in Honduras. Whether through lack of resources, political will, incompetence of poorly-trained front-line prosecutors, or negligence, the institution seems unable to make concrete progress on this front. This inaction has led many in Honduras to view the institution with justified skepticism regarding the PM's ability to make a dent in the fight against corruption. If the PM were to move a few high-level

cases successfully through the system, it would go a long way toward assuring the people of Honduras and the international community that the government is able to fight corruption.
END COMMENT.
Palmer